The Obama Administration's Efforts To Stabilize the Housing Market and Help American Homeowners

November 2015

U.S Department of Housing and Urban Development

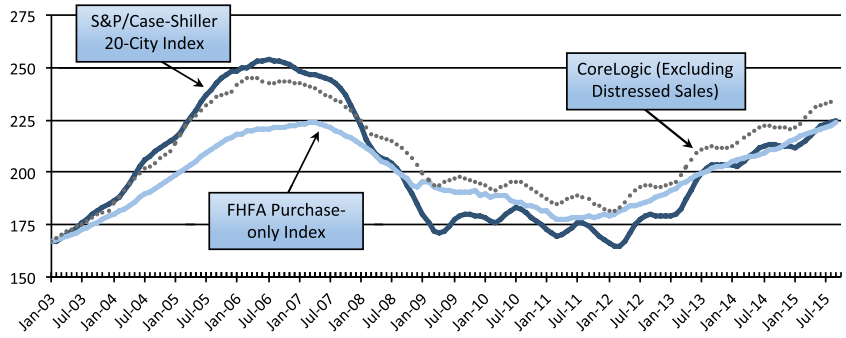
The Administration's goal remains to stabilize the housing market and provide security for homeowners. To meet these objectives in a challenging market, the Administration developed a broad approach implementing state and local housing agency initiatives, tax credits for homebuyers, neighborhood stabilization and community development programs, mortgage modifications and refinancing, housing counseling, continued Federal Housing Administration (FHA) engagement, support for Fannie Mae and Freddie Mac, and increased consumer protections. In addition, Federal Reserve and Treasury Mortgage-Backed Securities purchase programs have helped to keep mortgage interest rates at record lows. More detail on the Administration's efforts can be found in the Appendix.

- **Purchases of new homes rose 10.7 percent in October but remained below the 500,000 mark.** New home sales increased to 495,000 (SAAR) in October from a downwardly revised September pace of 447,000 and were 4.9 percent higher than a year earlier. New home sales have been at or above the 500,000 mark for 6 of 10 months this year. Data on new home sales can be volatile and are often revised. (Source: HUD and Census Bureau.)
- **Sales of previously owned (existing) homes maintained a healthy pace in October.** The National Association of Realtors® (NAR) reported that sales of existing homes (including single-family homes, townhomes, condominiums, and cooperatives) fell 3.4 percent in October to 5.36 million (SAAR) following a high pace in September (5.55 million units). Existing home sales have now remained above the 5 million mark for 8 consecutive months. Sales are 3.9 percent above a year ago and have risen year-over-year for 13 straight months.
- **House prices continued an upward trend in September with annual house price changes settling into a 5-percent pace.** The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for September showed home values rose 0.8 percent over the previous month and 5.6 percent over the previous year. The year-over-year house price gain in August was also 5.6 percent. The FHFA index shows that U.S. home values now stand just 0.2 percent below their previous peak in March 2007 and are 26 percent above their previous low in March 2011. Another index tracked in the Scorecard, the non-seasonally adjusted S&P/Case-Shiller 20-City Home Price Index, posted a monthly increase in home values of 0.2 percent in September and year-over-year returns of 5.5 percent, which was higher than the year ending in August (5.1 percent). The Case-Shiller index shows home values are at their highest levels since December 2007; house prices peaked during the housing bubble in July 2006 according to this index. (The Case-Shiller and FHFA price indices are released with a 2-month lag.)
- **Foreclosure completions fell in October but foreclosure starts increased.** Lenders started the public foreclosure process on 48,605 U.S. properties in October, up 12 percent from September but still down 14 percent from a year earlier. Newly initiated foreclosures are still below the pre-crisis (2005 and 2006) monthly average of 52,280 and have been for the past 7 months. Lenders completed the foreclosure process (bank repossessions or REOs) on 36,582 U.S. properties in October, down 9 percent from the previous month but up 31 percent from one year ago. This is the eighth straight year-over-year increase in foreclosure completions after declining for 27 consecutive months. The pre-crisis average in 2005 and 2006 was 23,119 properties a month. A partial explanation for the year-over-year increase in REOs in recent months is RealtyTrac's modification of their data collection procedures in the first quarter of 2015, which allowed the data to be obtained more quickly. Filings that would have been reported in subsequent months previously are now being reported earlier. In addition, foreclosure activity has been volatile in recent months as states with a substantial pool of foreclosure inventory move to reduce the backlog. (Source: RealtyTrac.)
- **The Administration's foreclosure mitigation programs continue to provide relief for millions of homeowners as the recovery from the housing crisis continues.** In all, nearly 10.1 million mortgage modification and other forms of mortgage assistance arrangements were completed between April 2009 and the end of October 2015. More than 2.5 million homeowner assistance actions have taken place through the Making Home Affordable Program, including over 1.5 million permanent modifications through the Home Affordable Modification Program (HAMP), while FHA has offered nearly 3.0 million loss mitigation and early delinquency interventions through October. These Administration programs continue to encourage improved standards and processes in the industry, with lenders offering families and individuals nearly 4.6 million proprietary modifications through September (data are reported with a 2-month lag). You can read the Treasury's MHA report here.

Encouraging news notwithstanding, there is a need to continue with recovery efforts to foster home sales, help those homeowners who remain under water, and reduce mortgage delinquency rates that remain elevated. There is also considerable geographic variation in market conditions not captured in the national statistics, which suggests some markets are improving at different rates than others.

House Prices Continue To Rise in September

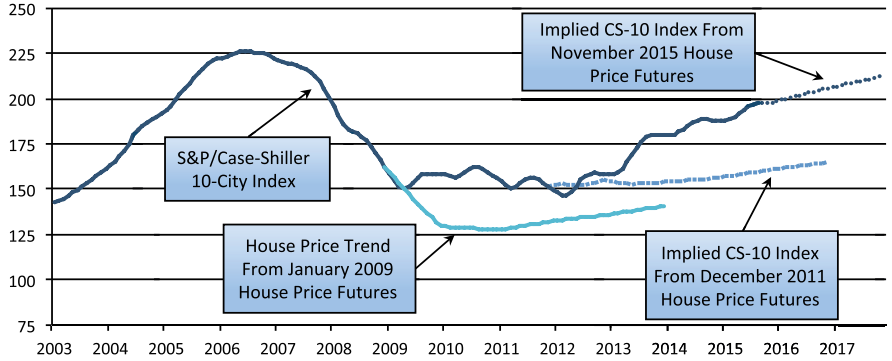
Monthly House Price Trends by Index ($ Thousands)



Sources: Standard & Poor's, Federal Housing Finance Agency, CoreLogic, and HUD.
See Note 1, Sources and Methodology.

Expectations on House Prices Above December 2011 Projections; Far Above January 2009 Projections

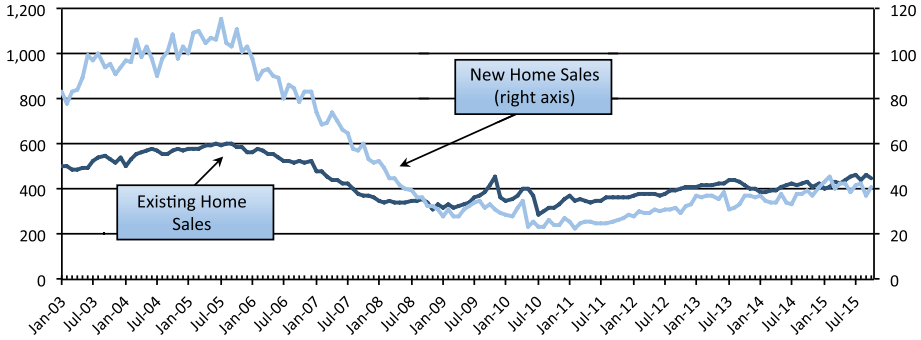
S&P/Case-Shiller 10-City Index (NSA, Jan 2000 = 100) and Implied Index Values Based Upon House Price Futures Market as of Indicated Dates



Sources: Standard and Poor's, CME Group, and Radar Logic.
See Note 2, Sources and Methodology.

New and Existing Home Sales

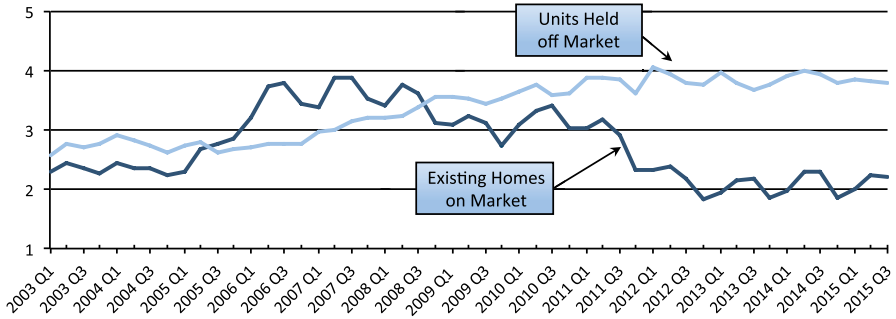
Monthly Sales (Thousands)



Seasonally Adjusted
Sources: National Association of Realtors®, Census Bureau, and HUD.
See Note 3, Sources and Methodology.

Supply of Existing Homes on the Market Fairly Steady, Number of Units Held off the Market Remains High

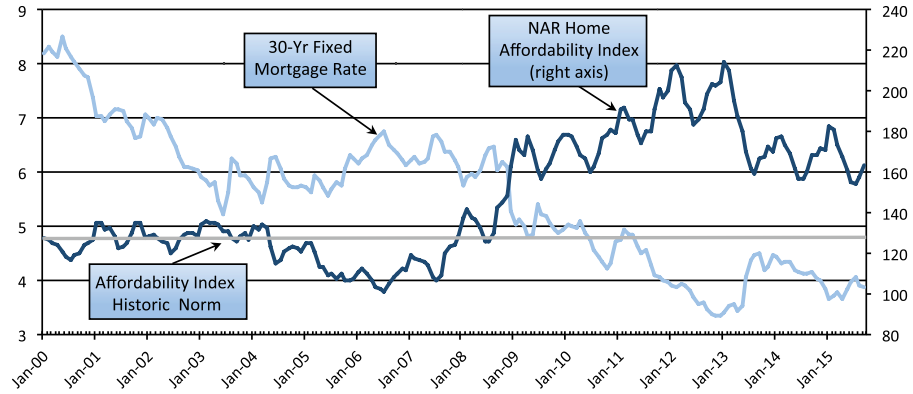
Existing Homes Available for Sale (End of Period) and Total Vacant Housing Units (Year Round) off Market (Millions)



Sources: National Association of Realtors® and Census Bureau.

Home Affordability Remains Above Historic Norm, Mortgage Rate Within One Percentage Point of Historic Low

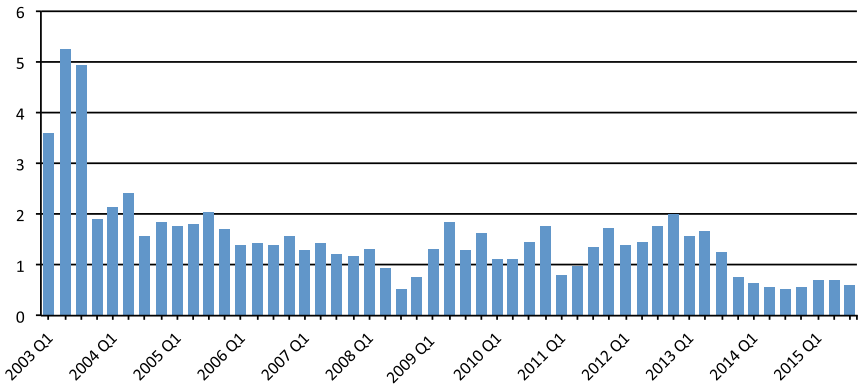
Percentage Rates and Index Values



The historic norm of 128 is the median value of the affordability index since 1989.
Sources: Freddie Mac and National Association of Realtors®.

31.1 Million Homeowners Have Refinanced Since April 1, 2009

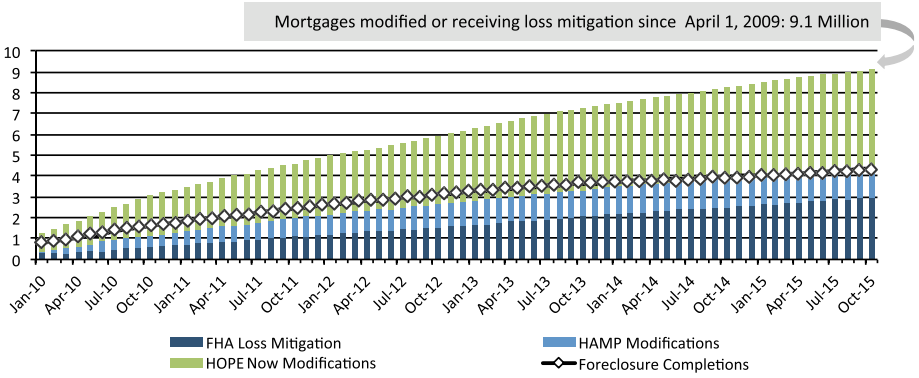
Quarterly Refinance Mortgage Originations (Millions)



Sources: Mortgage Bankers Association and HUD.
See Note 4 and Additional Notes, Sources and Methodology.

Mortgage Aid Extended More Than 9.1 Million Times, Outpacing Foreclosures

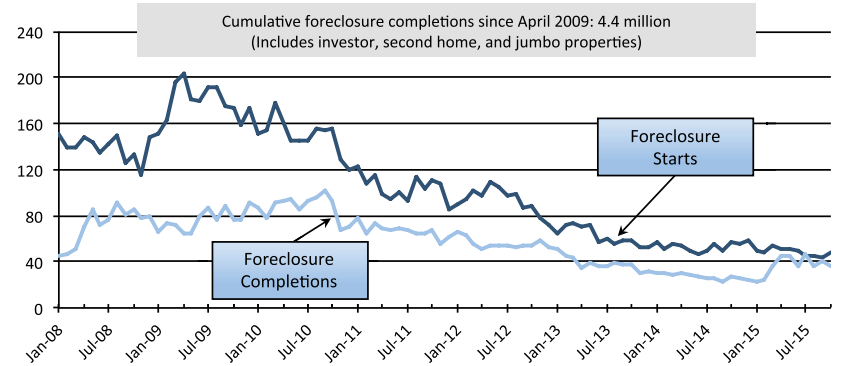
Cumulative Mortgages Receiving Aid and Mortgages Foreclosed Since April 1, 2009 (Millions)



Data exclude trial modifications. HOPE Now data through September 2015, all other data through October 2015.
Sources: HUD, Dept. of Treasury, HOPE Now Alliance, and Realty Trac.
See Note 5 and Additional Notes, Sources and Methodology.

Mortgage Aid Helps Keep Foreclosure Filings Down

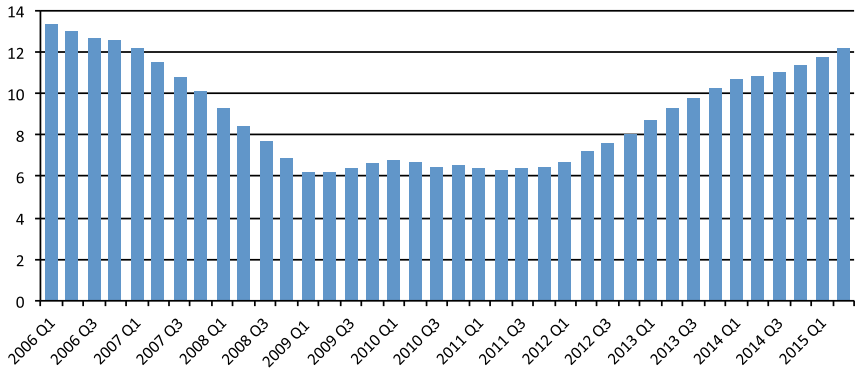
Monthly Foreclosure Actions (Thousands)



Foreclosure starts are default notices or scheduled foreclosure auctions, depending on the state.
Source: Realty Trac.
See Note 6, Sources and Methodology.

Home Equity Posts a Sharp Gain in the Second Quarter of 2015

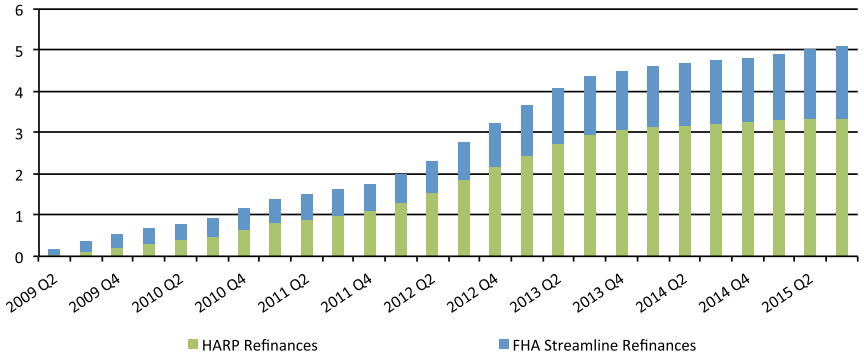
Owners' Equity in Household Real Estate at End of Period ($ Trillions)



Source: Federal Reserve Board.

Streamlined Refinancing Reduces Mortgage Payments

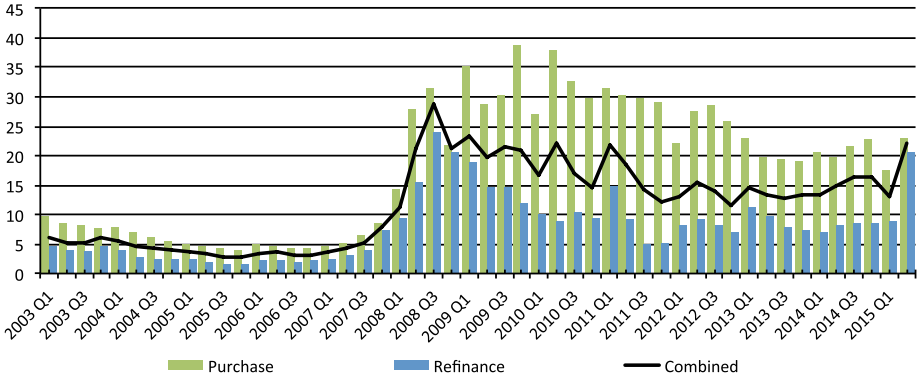
Cumulative Homeowners Benefitting From HARP and FHA Streamline Refinances Since April 1, 2009 (Millions)



Aggregate number of HARP and FHA streamline refinances since April 1, 2009.
Sources: FHFA and HUD.
See Note 7, Sources and Methodology.

FHA Supports Mortgage Lending During Crisis

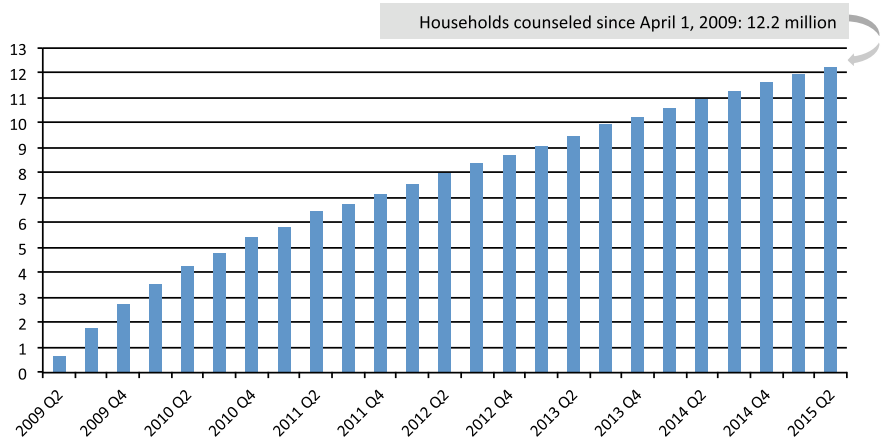
FHA As Share of Quarterly Mortgage Originations by Type (Percent)



Sources: MBA and HUD.
See Note 8, Sources and Methodology.

Housing Counselors Serve Millions of Families

Cumulative Households Counseled Since April 1, 2009 (Millions)



Source: HUD.

HOUSING ASSISTANCE AND STABILIZATION PERFORMANCE METRICS

Indicator	This Period	Last Period	Cumulative From April 1, 2009	Latest Release
Distressed Homeowners Assisted (thousands)				
HAMP Trial Modifications	9.1 (s)	8.0	2,378	October-15
HAMP Permanent Modifications	7.8 (s)	9.5	1,550	October-15
FHA Loss Mitigation Interventions	45.2	38.5	2,993	October-15
HOPE Now Modifications	22.1	23.2 (r)	4,586	September-15
HARP Refinances	9.1	7.5	3,359	September-15
FHA Streamline Refinances	19.6	18.4	1,771	October-15
Counseled Borrowers (thousands)	280.7	319.6	12,236	2nd Q 15
Activities Completed Under NSP (housing units)				
New Construction or Residential Rehab	–	–	43,606 [65,623] (b,s)	3rd Q 15
Demolition or Clearance	–	–	24,049 [24,310] (b,s)	3rd Q 15
Direct Homeownership Assistance	–	–	11,132[16,526] (b,s)	3rd Q 15
Change in Aggregate Home Equity ($ billions)	396.8	420.4 (r)	5,926.7	2nd Q 15

HOUSING MARKET FACT SHEET

Indicator	This Period	Last Period	Year Ago	As of Dec 2008	Latest Release
Mortgage Rates (30-Yr FRM, percent)	3.95	3.97	3.97	5.10	25-Nov15
Housing Affordability (index)	163.5	157.9 (r)	168.3	162.9	September-15
Home Prices (indices)					
Case-Shiller (NSA)	182.9	182.5	173.5	150.5	September-15
FHFA (SA)	226.5	224.8 (r)	213.4	195.5 (r)	September-15
CoreLogic–Excluding Distressed Sales (NSA)	184.5	183.5 (r)	174.0	159.9	September-15
Home Sales (thousands, SA)					
New	41.3	37.3 (r)	39.3	31.4	October-15
Existing	446.7	462.5	430.0	334.2	October-15
First-Time Buyers	156.1 (s)	159.9 (r,s)	154.9 (s)	149.9	October-15
Distressed Sales (percent, NSA)	11 (p)	11 (r)	13	32	September-15
Housing Supply					
Existing Homes for Sale (thousands, NSA)	2,140	2,190 (r)	2,240	3,130	October-15
Existing Homes–Months' Supply (months)	4.8	4.7 (r)	5.2	9.4	October-15
New Homes for Sale (thousands, SA)	226	223 (r)	208	353	October-15
New Homes for Sale–Months' Supply (months, SA)	5.5	6.0 (r)	5.3	11.2	October-15
Vacant Units Held Off Market (thousands)	3,788	3,822	3,922	3,542	3rd Q 15
Mortgage Originations (thousands)					
Refinance Originations	583.6 (r)	708.7 (r)	530.0	767.1	3rd Q 15
Purchase Originations	1,007.0 (r)	940.2 (r)	821.9	986.3	3rd Q 15
FHA Originations (thousands)					
Refinance Originations	51.2 (p)	30.2 (r)	16.2	62.9	October-15
Purchase Originations	72.5 (p)	77.6 (r)	55.3	72.7	October-15
Purchases by First-Time Buyers	58.4 (p)	56.6 (r)	44.9	56.2	October-15
Mortgage Delinquency Rates (percent)					
Prime	2.7	2.7 (r)	3.0	4.4	October-15
Subprime	26.7	27.1	29.4	34.3	October-15
FHA	9.3	9.3	9.9	14.3	October-15
Seriously Delinquent Mortgages (thousands)					
Prime	493	498 (r)	661	915	October-15
Subprime	622	630 (r)	919	1,632	October-15
FHA	450	454	540	333	October-15
Underwater Borrowers (thousands)	4,353	5,116	5,403	–	2nd Q 15
Foreclosure Actions (thousands)					
Foreclosure Starts	48.6	43.4	56.5	148.6	October-15
Foreclosure Completions	36.6	40.3	27.9	78.9	October-15
Short Sales	12.7 (p)	15.0 (r)	17.0	14.0	September-15
REO Sales	24.9 (p)	29.8 (r)	37.6	74.8	September-15

SA = seasonally adjusted, NSA = not SA, p = preliminary, r = revised, b = brackets include units in process, s = see Additional Notes in Sources and Methodology.

SOURCES AND METHODOLOGY

A. Items in Tables

Description	Frequency	Sources	Notes on Methodology
Distressed Homeowners Assisted			
HAMP Trial Modifications	Monthly	Treasury	As reported. Also see additional note in Section C below on HAMP Tier 2.
HAMP Permanent Modifications	Monthly	Treasury	As reported. Also see additional note in Section C below on HAMP Tier 2.
FHA Loss Mitigation Interventions	Monthly	HUD	All FHA loss mitigation and early delinquency interventions.
HOPE Now Modifications	Monthly	Hope Now Alliance	All proprietary modifications completed.
HARP Refinances	Monthly	Federal Housing Finance Agency	As reported. Also see note 7 in Section B below, Notes on Charts.
FHA Streamline Refinances	Monthly	Federal Housing Administration	As reported. Also see note 7 in Section B below, Notes on Charts.
Counseled Borrowers (thousands)	Quarterly	HUD	Housing counseling activity reported by all HUD-approved housing counselors.
Completed Activities Under NSP (housing units)			
New Construction or Residential Rehab	Quarterly	HUD	Housing units constructed/rehabilitated using Neighborhood Stabilization Program. Bracketed numbers include units in process.
Demolition or Clearance	Quarterly	HUD	Housing units demolished/cleared using Neighborhood Stabilization Program. Bracketed numbers as above.
Direct Homeownership Assistance	Quarterly	HUD	Completed downpayment assistance or non-amortizing second mortgages by grantee to make purchase of NSP unit affordable. Bracketed numbers as above.
Change in Aggregate Home Equity	Quarterly	Federal Reserve Board	Difference in aggregate household owners' equity in real estate as reported in the Federal Reserve Board's Flow of Funds Accounts of the United States for stated time period.
Mortgage Rates (30-Yr FRM)	Weekly	Freddie Mac	Primary Mortgage Market Survey, as reported for 30-Year fixed rate mortgages (FRM).
Housing Affordability	Monthly	National Association of Realtors®	NAR's composite housing affordability index as reported. A value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that a family earning the median income has more than enough income to qualify.
Home Prices			
Case-Shiller (NSA)	Monthly	Standard and Poor's	Case-Shiller 20-metro composite index, January 2000 = 100. Standard and Poor's recommends use of not seasonally adjusted index when making monthly comparisons. FHFA monthly (purchase-only) index for US, January 1991 = 100. CoreLogic national combined index, distressed sales excluded, January 2000 = 100. (Only available as NSA).
FHFA (SA)	Monthly	Federal Housing Finance Agency	
CoreLogic - Excluding Distressed Sales (NSA)	Monthly	CoreLogic	
Home Sales (SA)			
New	Monthly	HUD and Census Bureau	Seasonally adjusted annual rates divided by 12. A newly constructed house is considered sold when either a sales contract has been signed or a deposit accepted, even if this occurs before construction has actually started.
Existing	Monthly	National Association of Realtors®	Seasonally adjusted annual rates divided by 12. Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings. This differs from the U.S. Census Bureau's series on new single-family home sales, which are based on contracts or the acceptance of a deposit.
First Time Buyers	Monthly	NAR, Census Bureau, and HUD	Sum of seasonally adjusted new and existing home sales (above) multiplied by National Association of Realtors® annual estimate of first time buyer share of existing home sales.
Distressed Sales (NSA)	Monthly	CoreLogic	Short sales and REO (Real Estate Owned) sales as a percent of total existing home sales (current month subject to revision).
Housing Supply			
Existing Homes for Sale (NSA)	Monthly	National Association of Realtors	As reported.
Existing Homes - Months' Supply	Monthly	National Association of Realtors	As reported.
New Homes for Sale (SA)	Monthly	HUD and Census Bureau	As reported.
New Homes for Sale - Months' Supply (SA)	Monthly	HUD and Census Bureau	As reported.
Vacant Units Held Off Market	Quarterly	Census Bureau	As reported in Census CPS/HPS Table 4. Estimates of Housing Inventory, line item "Year-round vacant, held off market for reasons other than occasional use or usually reside elsewhere." Vacant units can be held off the market for a variety of reasons.
Mortgage Originations			
Refinance Originations	Quarterly	Mortgage Bankers Association and HUD	HUD estimate of refinance originations based on MBA estimate of dollar volume of refinance originations.
Purchase Originations	Quarterly	Mortgage Bankers Association and HUD	HUD estimate of home purchase originations based on MBA estimate of dollar volume of home purchase originations.
FHA Originations			
Refinance Originations	Monthly	HUD	FHA originations reported as of date of loan closing. Estimate for current month scaled upward due to normal reporting lag and shown as preliminary.
Purchase Originations	Monthly	HUD	
Purchases by First Time Buyers	Monthly	HUD	
Mortgage Delinquency Rates (NSA)			
Prime	Monthly	LPS Applied Analytics	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced.
Subprime	Monthly	LPS Applied Analytics	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced.
FHA	Monthly	HUD	Total FHA mortgages past due (30+ days) but not in foreclosure, divided by FHA's insurance in force.
Seriously Delinquent Mortgages			
Prime	Monthly	LPS Applied Analytics, MBA, and HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market.
Subprime	Monthly	LPS Applied Analytics, MBA, and HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market.
FHA	Monthly	HUD	Mortgages 90+ days delinquent or in foreclosure.
Underwater Borrowers	Quarterly	CoreLogic	As reported.
Foreclosure Actions			
Foreclosure Starts	Monthly	Realty Trac	Foreclosure starts are reported counts of notice of default or scheduled foreclosure auction, depending on which action starts the foreclosure process in a state.
Foreclosure Completions	Monthly	Realty Trac	Real Estate Owned (REO).
Short sales	Monthly	CoreLogic	Count of Short Sales for the month as reported (current month subject to revision).
REO Sales	Monthly	CoreLogic	Count of REO (Real Estate Owned) Sales for the month as reported (current month subject to revision).

SOURCES AND METHODOLOGY

B. Notes on Charts.

1. Monthly house price trends shown as changes in respective house price indices applied to a common base price set equal to the median price of an existing home sold in January 2003 as reported by the National Association of Realtors. Indices shown: S&P/Case Shiller 20-metro composite index (NSA), January 2000 = 100, FHFA monthly (purchase-only) index for US (SA), January 1991 = 100, and CoreLogic-Distressed Sales Excluded (Monthly) for US (NSA), January 2000 =100.
2. S&P/Case-Shiller 10-metro composite index (NSA) as reported monthly. Implied Case-Shiller futures index figures report forward expectations for the level of the S&P/Case Shiller index as of the date indicated, estimated from prices of futures purchased on the Chicago Mercantile Exchange reported by CME Group. The January 2009 market trend projection reports forward expectations estimated from prices of futures contracts reported by Radar Logic. Also see additional note in Section C below.
3. Reported seasonally adjusted annual rates for new and existing home sales divided by 12.
4. HUD estimate of refinance originations based on MBA estimate of dollar volume of refinance originations.
5. Cumulative HAMP permanent modifications started, FHA loss mitigation and early delinquency interventions, plus proprietary modifications completed as reported by HOPE Now Alliance. Some homeowners may be counted in more than one category. Foreclosure completions are properties entering Real Estate Owned (REO) as reported by Realty Trac. Also see additional note in Section C below on HAMP Tier 2.
6. Beginning with the September 2012 release, filings of a notice of default or scheduled foreclosure auction, depending on which action starts the foreclosure process in a state, are reported for foreclosure starts. Foreclosure defaults previously had been reported as a proxy for foreclosure starts. Foreclosure completions are properties entering REO. Both as reported by Realty Trac.
7. Streamlined refinances are designed to lower the monthly principal and interest payments on a mortgage. The refinances are referred to as "streamlined" because they involve less paperwork, reducing the time it takes to process the loan. The agency permitting the streamline refinance already bears the credit risk on the original loan and does not require full underwriting (enabling homeowners whose current loans may be underwater to qualify). For information on FHA streamline refinances, see: http://portal.hud.gov/hudportal/documents/huddoc?id=4155-1_6_secC.pdf . For information on HARP refinances, see: http://www.harp.gov/about .
8. FHA market shares as FHA purchase and refinance originations divided by HUD estimates of purchase and refinance mortgage originations as noted in "Mortgage Originations" above. See additional note below on FHA market share.

C. Additional Notes.

Beginning with the February 2013 release, the House Price Expectations Chart was updated by replacing market expectations as they existed in January 2009 with expectations as of December 2011. Prices of futures purchased for the S&P/Case-Shiller 10-metro composite index, available on the web from CME Group, were used to estimate expectations for December 2011 and for the current month. Market trend as of January 2009 is estimated from percentage changes in house price futures based on a different house price index: RadarLogic RPX. This trend has been added back to the chart because it imparts important information on how house price expectations have changed over time.

Beginning with the January 2013 release, mortgage aid under HAMP Tier 2 is included in the totals. Effective June 2012, HAMP Tier 2 expanded eligibility requirements to further reduce foreclosures and help stabilize neighborhoods. For non-GSE loans, eligibility was expanded to allow for more flexible debt-to-income criteria and to include properties currently occupied by a tenant, as well as vacant properties which a borrower intends to rent.

FHA market share estimates are based on new methodology beginning with the October 2013 report; estimates were revised back through Q1 2013. See the FHA Market Share report on their website for an explanation of the new methodology: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/oe/rpts/fhamktsh/fhamktqtrly .

The Q3 2015 NSP actual count was revised for demolition and clearance and both the actual and projection counts were revised for direct homeownership assistance.

The estimate for first-time buyers was revised downward from 38 percent to 33 percent beginning with the November 2014 release based on the NAR Profile of Home Buyers and Sellers 2014.

Appendix

The Administration has taken a broad set of actions to stabilize the housing market and help American homeowners. Three years ago, stress in the financial system had severely reduced the supply of mortgage credit, limiting the ability of Americans to buy homes or refinance mortgages. Millions of responsible families who had made their monthly payments and had fulfilled their obligations saw their property values fall. They also found themselves unable to refinance at lower mortgage rates.

In February 2009, less than one month after taking office, President Obama announced the Homeowner Affordability and Stability Plan. As part of this plan and through other housing initiatives, the Administration has taken the following actions to strengthen the housing market:

- Supported Fannie Mae and Freddie Mac to ensure continued access to affordable mortgage credit;
- The Federal Reserve and the U.S. Treasury purchased more than $1.4 trillion in agency mortgage backed securities through independent MBS purchase programs, helping to keep mortgage rates at historic lows;
- Launched a modification initiative to help homeowners reduce mortgage payments to affordable levels and to prevent avoidable foreclosures;
- Launched a $23.5 billion Housing Finance Agencies Initiative to increase sustainable homeownership and rental resources;
- Supported the First Time Homebuyer Tax Credit, which helped more than 2.5 million American families purchase homes;
- Provided more than $5 billion in support for affordable rental housing through low income housing tax credit programs and $6.92 billion in support for the Neighborhood Stabilization Program to restore neighborhoods hardest hit by the concentrated foreclosures;
- Created the $7.6 billion HFA Hardest Hit Fund for innovative foreclosure prevention programs in the nation's hardest hit housing markets;
- Launched the $1 billion Emergency Homeowners Loan Program, as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, to help unemployed and underemployed homeowners pay a portion of their monthly mortgage.
- Created an FHA Short Refinance Option that helps underwater borrowers refinance into a new, stable, FHA-insured mortgage that is more aligned with actual property values.
- Supported home purchase and refinance activity through the FHA to provide access to affordable mortgage capital and help homeowners prevent foreclosures.
- Implemented a series of changes to the Home Affordable Refinance Program (HARP) in an effort to attract more eligible borrowers who can benefit from refinancing their home mortgages during this time of historically low mortgage rates.

###